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**INCENTIVE PROGRAM**

**FOR FOREIGN AIR CARRIERS**

The program is based on incentive payments for foreign air carriers, who have announced and realized flight programs:

1. New Destination;
2. Frequency Increasing;
3. Flights On Widebody Aircraft;
4. Flights On Cargo Aircraft;
5. Vladivostok-based Route Network Development;
6. New Air Carrier;

Program 6 “New Air Carrier” can be combined with programs 1-4.

The incentive payment is made after the announced program is over and if it was realized for more than 90%.

If the Air Carrier has announced the flight program, but has not realized it VVO has the right to decrease the incentive payment size or even refuse to pay.

**INCENTIVE PROGRAMS**

**PROGRAM 1.**

**NEW DESTINATION**

**Program Period:** 1 year (2 seasons of schedule).

**Program Criteria:**

**Program includes non-stop flights between VVO and another airport which had no direct connection for previous 4 seasons of schedule (at the same time qty of take-off operations should be not less than 25 for the Program period).**

**The list of services to which incentive payments can be applied:**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **N** | **Charge** | **Incentive payment (%)** | | | | | | | | |
| **Up to 7 take-off operations per month** | | | **8-25 take-off operations per month** | | | **More than 25 take-off operations per month** | | |
|  | **%, load factor**  **from VVO** | **<40 %** | **40-75 %** | **>75 %** | **<40 %** | **40-75 %** | **>75 %** | **<40 %** | **40-75 %** | **>75 %** |
| 1. | Passenger service charge | 13 | 11 | 9 | 19 | 16 | 13 | 27 | 23 | 19 |
| 2. | Terminal «А» charge | 19 | 11 | 6 | 27 | 16 | 9 | 38 | 23 | 13 |

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **N** | **Charge** | **Incentive payment for New Air Carrier \* (%)** | | | | | | | | |
| **Up to 7 take-off operations per month** | | | **8-25 take-off operations per month** | | | **More than 25 take-off operations per month** | | |
|  | **%, load factor**  **from VVO** | **<40 %** | **40-75 %** | **>75 %** | **<40 %** | **40-75 %** | **>75 %** | **<40 %** | **40-75 %** | **>75 %** |
| 1. | Passenger service charge | 19 | 16 | 13 | 27 | 23 | 19 | 38 | 33 | 27 |
| 2. | Terminal «А» charge | 27 | 16 | 9 | 38 | 23 | 13 | 54 | 33 | 19 |

**\* New Air Carrier – an airline, which has not made flights from VVO for 4 previous seasons of schedule (2 years)**

**PROGRAM 2.**

**FREQUENCY INCREASING\***

**Program Period:** 1 season of schedule.

**Program Criteria:**

**Program includes flights, calculated on basis of positive difference between qty of take-off operations by Air Carrier in considered season and similar season a year before.**

Program is only applicable to the quantity of flights not exceeding overall growth in the Carrier’s flights from VVO to all destinations (aircraft with MTOW under 40 ton shall not be accounted)

**The list of services to which incentive payments can be applied:**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **N** | **Charge** | **Incentive payment (%)**  **for resulting (new) frequency 6 flights per week and less** | | | | | | | | |
| **+ 1 flight per week** | | | **+ 2-3 flights per week** | | | **+ 4-5 flights per week** | | |
|  | **%, load factor**  **from VVO** | **<40 %** | **40-75 %** | **>75 %** | **<40 %** | **40-75 %** | **>75 %** | **<40 %** | **40-75 %** | **>75 %** |
| 1. | Passenger service charge | 13 | 11 | 9 | 19 | 16 | 13 | 27 | 23 | 19 |
| 2. | Terminal «А» charge | 19 | 11 | 6 | 27 | 16 | 9 | 38 | 23 | 13 |

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **N** | **Charge** | **Incentive payment (%)**  **for resulting (new) frequency 7 flights per week and more**  **and/or for New Air Carrier \*\*** | | | | | | | | |
| **+ 1-2 flights per week** | | | **+ 3-4 flights per week** | | | **+ 5 flights per week and more** | | |
|  | **%, load factor**  **from VVO** | **<40 %** | **40-75 %** | **>75 %** | **<40 %** | **40-75 %** | **>75 %** | **<40 %** | **40-75 %** | **>75 %** |
| 1. | Passenger service charge | 19 | 16 | 13 | 27 | 23 | 19 | 38 | 33 | 27 |
| 2. | Terminal «А» charge | 27 | 16 | 9 | 38 | 23 | 13 | 54 | 33 | 19 |

**\*not applicable to ICN-VVO vv route**

**\*\* New Air Carrier – an airline, which has not made flights from VVO for 4 previous seasons of schedule (2 years)**

**PROGRAM 3.**

**FLIGHTS ON WIDEBODY AIRCRAFT**

**Program Period:** 1 season of schedule.

**Program Criteria:**

Program includes aircraft types which have higher class and bigger MTOW as compared to the type used by the Air Carrier in similar schedule a year before if the frequency remains equal (the growth of MTOW should be not less than 20%).

**The list of services to which incentive payments can be applied:**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **N** | **Charge** | **Incentive payment (%)** | | | | | | | | |
| **1-2 flights per week** | | | **3-6 flights per week** | | | **7 flights per week and more** | | |
| 1. | Take-off and landing charge | 15 | | | 20 | | | 25 | | |
|  |  |  |  |  |  |  |  |  |  |  |
|  | **%, load factor**  **from VVO** | **<60 %** | **60-80 %** | **>80 %** | **<60 %** | **60-80 %** | **>80 %** | **<60 %** | **60-80 %** | **>80 %** |
| 2. | Passenger service charge | 15 | 10 | 5 | 20 | 15 | 10 | 25 | 20 | 15 |
| 3. | Terminal «А» charge | 25 | 20 | 10 | 30 | 25 | 15 | 35 | 30 | 20 |
| 4. | Charge for boarding or deboarding passengers (via jetway) | 40 | 25 | 5 | 45 | 30 | 10 | 50 | 35 | 15 |

**PROGRAM 4.**

**FLIGHTS ON CARGO AIRCRAFT**

**Program Period:** defined in the Marketing Agreement.

**Program Criteria:**

**Program includes flights made on cargo aircraft types with commercial or technical landing at VVO.**

**The list of services to which incentive payments can be applied:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **N** | **Charge** | **Incentive payment (%)** | | |
|  | **Average qty of take-off operations** | **Not less than 4 per month** | **Not less than 10 per month** | **Not less than 20 per month** |
| 1. | Take-off and landing charge | 60 | 75 | 90 |
| 2. | Aviation security charge | 60 | 75 | 90 |
| 3. | Charge for overtime parking/  Temporary parking charge | NOT CHARGED | | |

**PROGRAM 5.**

**VLADIVOSTOK-BASED ROUTE NETWORK DEVELOPMENT**

**Program Period:** 1 year (2 seasons of schedule).

**Program Criteria:**

**Program includes non-stop flights between VVO and another airport which had no direct connection for previous 4 seasons of schedule (at the same time qty of take-off operations should be not less than 15 for the season of schedule).**

**Air Carrier should perform flights not less than to 5 destinations from VVO, including new ones.**

**To calculate passengers (outgoing) and take-off operations all flights performed from VVO within a considered year are summarized, except for flights from VVO to Moscow.**

**The list of services to which incentive payments can be applied:**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **N** | **Charge** | **Incentive payment (%)**  **depending on qty of new destinations open during the year**  **(for the first year of program participation)** | | | | | | | | |
| **1** | | | **2** | | | **3 and more** | | |
|  |  |  |  |  |  |  |  |  |  |  |
|  | **Passengers (outgoing)**  **per year** | **< 50 thsd. pax** | **50 - 100 thsd. pax** | **> 100 thsd. pax** | **< 50 thsd. pax** | **50 - 100 thsd. pax** | **> 100 thsd. pax** | **< 50 thsd. pax** | **50 - 100 thsd. pax** | **> 100 thsd. pax** |
| 1. | Passenger service charge | 10 | 15 | 20 | 15 | 20 | 25 | 20 | 25 | 30 |
| 2. | Terminal «А» charge | 10 | 15 | 20 | 15 | 20 | 25 | 20 | 25 | 30 |
| 3. | Charge for boarding or deboarding passengers (via jetway) | 10 | 15 | 25 | 15 | 25 | 35 | 30 | 40 | 50 |
|  |  |  |  |  |  |  |  |  |  |  |
|  | **Take-off operations**  **per year** | **<545** | **545-1090** | **>1090** | **<545** | **545-1090** | **>1090** | **<545** | **545-1090** | **>1090** |
| 2. | Take-off and landing charge | 20 | 40 | 60 | 40 | 60 | 80 | 50 | 75 | 100 |
| 3. | Aviation security charge | 20 | 40 | 60 | 40 | 60 | 80 | 50 | 75 | 100 |

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **N** | **Charge** | **Incentive payment (%)**  **depending on qty of new destinations open during the year**  **(for the second year of program participation and further)** | | | | | | | | |
| **1** | | | **2** | | | **3 and more** | | |
|  |  |  |  |  |  |  |  |  |  |  |
|  | **Passengers (outgoing) qty growth** | **10-15%** | **15-20%** | **>20%** | **10-15%** | **15-20%** | **>20%** | **10-15%** | **15-20%** | **>20%** |
| 1. | Passenger service charge | 10 | 15 | 20 | 15 | 20 | 25 | 20 | 25 | 30 |
| 2. | Terminal «А» charge | 10 | 15 | 20 | 15 | 20 | 25 | 20 | 25 | 30 |
| 3. | Charge for boarding or deboarding passengers (via jetway) | 10 | 15 | 25 | 15 | 25 | 35 | 30 | 40 | 50 |
|  |  |  |  |  |  |  |  |  |  |  |
|  | **Take-off operations growth** | **10-15%** | **15-20%** | **>20%** | **10-15%** | **15-20%** | **>20%** | **10-15%** | **15-20%** | **>20%** |
| 2. | Take-off and landing charge | 20 | 40 | 60 | 40 | 60 | 80 | 50 | 75 | 100 |
| 3. | Aviation security charge | 20 | 40 | 60 | 40 | 60 | 80 | 50 | 75 | 100 |

**List of extra services, provided by the Program:**

Places on the service parking area are provided on favorable terms (by agreement).

If free areas do have place advertisement places are provided (by agreement).

**PROGRAM 6.**

**NEW AIR CARRIER**

**Program Period:** 1 year (2 seasons of schedule).

**Program Criteria:**

**Program includes air carriers** which have not made flights to/from VVO for 4 previous seasons of schedule (2 years);

**The list of services to which incentive payments can be applied:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **N** | **Charge** | **Incentive payment (%)**  **Depending on take-off operations qty per year** | | |
| **26-95** | **96-300** | **> 300** |
| 1. | Representative office rent | 10 | 20 | 30 |
| 2. | Ticket office rent | 10 | 20 | 30 |

In addition, if free areas do have place, advertisement places are provided for 3 months before the flight starts and 3 months after.